

Tokyo Gazette, August 1938, p. 37

LAWS AND ORDINANCES RECENTLY PROMULGATED

LAW CONCERNING THE NORTH CHINA DEVELOPMENT COMPANY, LIMITED  
LAW CONCERNING THE CENTRAL CHINA PROMOTION COMPANY, LIMITED

(Laws Nos. 81 and 82, Promulgated on April 30, 1938)

The North China Development Company has been created to accelerate economic development and to consolidate and adjust such undertakings in North China. The business of the company is to invest in and finance leading enterprises in transportation, harbour and port improvements, communications, electric power generation and transmission, mining, production and sale of salt and allied undertakings. The company is capitalized at 350,000,000 yen, of which half is subscribed by the Government and the other half by private interests. The firm is empowered to issue debentures to an amount five times its paid-up capital.

The business of the Central China Promotion Company is to invest in and offer financial accommodations to enterprises in transportation, communications supply of electricity, gas and water, mining, fishing, and other lines in order to assist the economic rehabilitation and development of Central China. The company is capitalized at 100,000,000 yen, to which the Government subscribes jointly and equally with private interests. This company, also, is empowered to issue debentures to an amount five times its paid-up capital.

The Government recognizes the right of these two companies to declare preferential dividends on shares owned by private interests. It will subsidize the companies for a certain period to enable them to maintain payment of dividends on privately owned shares.

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C E R T I F I C A T E

re TOKYO GAZETTE

I, E. E. DANLY, hereby certify:

1. That I am Chief of the Document Division of the International Prosecution Section, G.H.Q., S.C.A.P., and as such have possession, custody and control of original or copies of captured enemy documents obtained by the said Section.

2. That Document No. 1504 was delivered to me from Japanese Institute of Foreign Relations as being an original or copy of an enemy document that had been captured or obtained by military forces acting under the Supreme Commander Allied Forces and such document has been continuously in my custody since such delivery.

Dated: 12 Aug 1946

/s/ E. E. Danly  
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I further certify that Document 1504 contains twelve monthly issues of the "Tokyo Gazette", to wit, January to December 1938.

Dated: 15 Aug 1946

/s/ E. E. Danly  
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THE PROGRAMME FOR ECONOMIC DEVELOPMENT  
OF CHINA

Board of Planning

I

Now that Canton and the Wuhan district, two of the most important military and political bases of the Kuomintang Government, have been captured by Japanese forces, the immediate action necessary to consolidate the achievements of military triumph is the work of assisting in economic reconstruction and development in the occupied areas. In certain areas, the part of Central China with Shanghai as its centre and in the Shantung district where severe fighting took place and where devastation caused by retreating Chinese forces was sweeping, public utility enterprises such as transportation services, communications, power stations and water works as well as industries in general have been utterly dislocated--in a word, the economic structure as a whole has been destroyed. Even in North China and in towns and villages in rural districts in Central China, where damages caused by battles were comparatively slight, conditions of impoverishment, although in varying degrees, also prevail.

On the other hand, there are enormous quantities of natural resources lying undeveloped in these areas, which might have been exploited for the promotion of industries and consequently for the happiness and prosperity of the people. In trying to aid the new China, which is emerging under the rule of the new regimes established in Peking and Nanking, in the work of economic development, Japan must not confine its activities within the domain of reconstruction in its narrower sense. The undeveloped natural resources must be utilized.

The main reasons for the failure of China under the Kuomintang Government to develop the resources lay in its lack of capital and technique and of stability in the political situation. Japan can now bring these qualifications to the new China so that resources necessary for the promotion of economic power and improvement of the general standard of living may be developed in full. And when this state of affairs is realized, the purchasing power of the Chinese people will naturally be increased, bringing about in turn the increase of Japanese exports to China. Thus, development of natural resources in China has far-reaching consequences in realizing the ideal of economic collaboration not only between Japan and China but between the three neighbouring countries including Manchoukuo, which is the basic step for achieving the national purpose of establishing a new, ideal order in East Asia.

It has also an important bearing upon the life of the Japanese nation as the stabilizing force of East Asia in that it can supply Japan with materials such as iron, coal, salt and cotton, for strengthening its national defence and augmenting its productive power. The necessity of reconstructing and readjusting transportation, harbours, communications

and electrical enterprises can be understood in this connection. Sufficient supply of those necessary materials from a country within the Yen bloc will, to a considerable extent, decrease Japan's overseas payments, while the coordinated adjustment of industries within the three countries of Japan, Manchoukuo and China, eliminating unnecessary competition and friction between them, will work greatly toward the adjustment of supply and demand of materials and the balancing of international payments.

These reconstruction activities, again, should not be considered only as post bellum measures. They are as vital and urgent as military operations and political activities; they are measures which must be carried out even while the hostilities are going on. For success in these measures will doubtless prove, on the one hand, to consolidate the new regimes and, on the other, to crush the Kuomintang Government.

#### **Establishment of Special Companies**

As a concrete step for carrying out measures aiding reconstruction and development in China two special companies, the North China Development Company, Limited and the Central China Promotion Company, Limited, have now been established. They are holding companies for investing in and financing subsidiary companies directly engaging in reconstruction and development undertakings, as provided for in the Law concerning the North China Development Co., Ltd., and the Law concerning the Central China Promotion Co., Ltd., promulgated on April 30, 1938.

The purposes for which the two companies have been established are not the same. The company for North China is designed, as provided for in Article I of the special law concerned, to function in accelerating economic development in North China and in coordination and adjustment of related undertakings; while the other company is designed according to Article I of the Law, to function in promoting economic reconstruction and development in Central China.

Thus, in North China, where destructions caused by the hostilities have not been so heavy as in Central China and where an abundance of natural resources, such as iron, coal, salt, cotton, and wool is still undeveloped, Japanese aid is to be mainly for economic development. In Central China, forming the centre for Western investments and Chinese industries and the heart of the economic structure of China, where such development has already been made to a considerable extent, and where devastation has been as sweeping as that in the Tokyo-Yokohama districts after the great earthquake of 1923, the immediate necessity is reconstruction of industries and public utility enterprises, without which peace and order cannot be established, not to speak of starting construction and development activities. This is especially true of the need in Shanghai districts. Accordingly, Japanese aid in that part of China is to be for the rehabilitation and reconstruction of industries and public utility enterprises as well as for the further development of natural resources.

These differences are also reflected in the estimates for funds needed for their respective undertakings of the two companies. The North China Company is capitalized at 350,000,000 yen in view of the vastness of its development



programme, while the Central China Company is capitalized at no more than 100,000,000 yen in view of its main objective which is the work of rehabilitation and reconstruction. Both concerns are also authorized to issue debentures up to an amount five times their paid-up capital. These funds together with the capital to be invested in subsidiary companies by the Chinese both in money and goods and that to be invested in them by private Japanese, amount to several billion yen.

#### Subsidiary Companies

As has been previously stated, the two companies, being holding companies, do not in principle operate directly any business enterprises. Their business will be to organize many subsidiary companies, to invest in and finance them and to coordinate and adjust their operations. In the case of the concern for Central China, however, it can, under some special circumstances, operate business enterprises directly.

What will be the enterprises of those subsidiary companies?

Article 14 of the Law concerning the North China Development Company, Ltd., provides:

That the North China Development Company, Limited, shall invest in and finance enterprises named below, and coordinate and adjust their operations:

1. Enterprises relating to transportation and harbour and port improvements.
2. Enterprises relating to communications.
3. Enterprises relating to generation and transmission of electricity.
4. Enterprises relating to mining.
5. Enterprises relating to manufacture, sale and utilization of salt.
6. Enterprises other than the above-named whose coordination and adjustment are particularly necessary for accelerating economic development in North China.

Likewise, Article 12 of the Law concerning the Central China Promotion Company, Limited, provides:

That the Central China Promotion Company, Limited, shall invest in and finance enterprises named below:

1. Enterprises relating to transportation.
2. Enterprises relating to communications.
3. Enterprises relating to electricity, gas and waterworks.
4. Enterprises relating to mining.
5. Enterprises relating to fisheries.
6. Enterprises other than the above named which are necessary for promotion of public utilities or industries in Central China.

The Central China Promotion Company, Limited, may, under special circumstances, directly operate the above-named enterprises, on approval by the Government.

These subsidiary companies, since they are the concerns operating directly in China, are expected to be established as corporations of Chinese registry under Sino-Japanese joint management. The question as to whether the principle of one company for one class of undertakings will be applied

here will depend upon the classes of undertakings. As a matter of fact, decision has not been made on this matter.

Coordination and adjustment of the operation of subsidiary companies, as provided in the Law concerning the North China Company, is designed to eliminate the possible occurrence of circumstances which may hinder synthesized growth of various enterprises relating to development of natural resources and other industries which will be started in that area. In the case of the concern for Central China, however, there is no such provision in the Law. This can be accounted for by the fact that in this area Japanese aid, except in a few cases of enterprises to be started, will be mainly directed toward rehabilitation, replenishment and extension of the existing enterprises, which can be effected by controlling important matters of investment and financing and by thus regulating their operation. In both cases, a certain degree of guidance will invariably be given through the power of capital in the hands of holding companies.

#### Privileges Granted to the Two Companies

The missions of the two companies are highly important from the point of view of the current national purposes. Moreover, their business may not be profitable from the first and many serious difficulties may stand in the way of their successful operation. In view of these positive and negative factors which render the undertakings extremely momentous, the Government, besides making necessary investments in them, grants the two Companies many privileges by way of protection as provided in their respective Laws.

Hence the Government invests in the concern for North China 175,000,000 yen, representing half the total amount of authorized capital of 350,000,000 yen; and in the concern for Central China 50,000,000 yen, representing also half the total amount of its authorized capital of 100,000,000 yen. Of these governmental investments, certain amounts will be in forms of goods, which consist mainly of materials necessary for repair and construction of rolling stock, bridges and rails which have either been destroyed or taken away by the Kuomintang Government. Recognition of the right of these two companies to declare preferential dividends on shares owned by private interests, by which dividends of 6 percent per annum are assured, is another important privilege to be granted to them. For this purpose the Government will grant them subsidies of a certain fixed amount for the period of 5 years, beginning with the first year of their operation. As for the debenture issue, it has already been explained. A privilege to be granted here is that payment of both principal and interest will be guaranteed by the Government.

Privileges generally entail supervision. The two companies do not constitute exceptions to this rule. They are required to get the approval of the Government with regard to raising loans, making changes in the articles of association, carrying out resolutions of merger and dissolution, and disposal of profits. With regard to plans for investment and financing for each fiscal year, also, they are to get governmental approval. Furthermore, the Government may give the companies such orders as are deemed necessary for the purpose of their supervision and of national defence. These and other supervisory measures are provided for in the Laws.

All necessary steps for establishment of the two companies were completed on November 7th. Messrs. Sonyu Otani and Kenji Kodama were appointed Governors of the North China Development Company and the Central China Promotion Company respectively by the Government. The fact that shares offered for public subscription were over-subscribed indicates the enthusiastic support given to the whole programme of economic reconstruction and development of China by the Japanese people at large. As for the capital paid up, it represents one-fourth of the authorized capital, ¥ 12.50 per share of ¥ 50, in the case either of the North China or the Central China Company.

The most vital as well as most interesting part of the whole programme is perhaps the detailed account of how and where reconstruction and development undertakings will be operated---in other words, detailed programmes for the activities of subsidiary companies. These will be given in the January issue of Tokyo Gazette in full.

From Tokyo Gazette, Dec. 1938  
( PP. 16 - 20 )

**STATEMENT OF THE JAPANESE GOVERNMENT  
CONCERNING THE FUTURE OF EAST ASIA**

Dated November 3, 1938

By the august virtue of His Majesty, our naval and military forces have captured Canton and the three cities of Wuhan; and all the vital areas of China have thus fallen into our hands. The Kuomintang Government exists no longer except as a mere local regime. However, so long as it persists in its anti-Japanese and pro-communist policy our country will not lay down its arms---never until that regime is crushed.

What Japan seeks is the establishment of a new order which will insure the permanent stability of East Asia. In this lies the ultimate purpose of our present military campaign.

This new order has for its foundation a tripartite relationship of mutual aid and co-ordination between Japan, Manchoukuo and China in political, economic, cultural and other fields. Its object is to secure international justice, to perfect the joint defence against Communism, and to create a new culture and realize a close economic cohesion throughout East Asia. This indeed is the way to contribute toward the stabilization of East Asia and the progress of the world.

What Japan desires of China is that that country will share in the task of bringing about this new order in East Asia. She confidently expects that the people of China will fully comprehend her true intentions and that they will respond to the call of Japan for their cooperation. Even the participation of the Kuomintang Government would not be rejected, if, repudiating the policy which has guided it in the past and remoulding its personnel, so as to translate its re-birth into fact, it were to come forward



to join in the establishment of the new order.

Japan is confident that other Powers will on their part correctly appreciate her aims and policy and adapt their attitude to the new conditions prevailing in East Asia. For the cordiality hitherto manifested by the nations which are in sympathy with us, Japan wishes to express her profound gratitude.

The establishment of a new order in East Asia is in complete conformity with the very spirit in which the Empire was founded; to achieve such a task is the exalted responsibility with which our present generation is entrusted. It is, therefore, imperative to carry out all necessary internal reforms, and with a full development of the aggregate national strength, material as well as moral, fulfil at all costs this duty incumbent upon our nation.

This, the Government declares to be the immutable policy and determination of Japan.

RADIO ADDRESS OF PRINCE FUMIMARO  
KONOE, PRIME MINISTER  
November 3, 1938.

I have the honour to state the views of the Japanese Government concerning the establishment of a lasting peace in East Asia---a task that has been handed down to us by the Emperor Meiji whose illustrious virtues we are commemorating today.

Following upon the capture of Canton, Hankow, the heart of China, was also taken, so that the so-called "Middle Plain" with its seven great cities, which virtually sustain the life of modern China, has now fallen into our hands. There is an old Chinese saying to the effect that "He who controls the Middle Plain controls the whole land." Thus the Chiang Kai-shek government is no longer anything but a local regime. Japan has achieved these results without overstraining her fighting power, which has always been kept at a level sufficient to ward off any intervention from the outside. We are moved, as never before, by the consciousness that this has been made possible by the august virtue of His Majesty, the Emperor, and the heroic efforts of His valiant officers and men.

In thinking of the glorious victories, our deepest gratitude goes our first to the tens of thousands of those who have been killed and wounded. Their noble sacrifices impose upon us, I feel, a two-fold obligation: first, to follow in the footsteps of those willing martyrs, and to achieve at all costs the ends for which they have fought, and secondly, to repay their services by doing all in our power for their families.

The key to China's fate is now in our hands. What, then, do we want? We want not the destruction of China but her prosperity and progress; not the conquest of China but cooperation with her. Working hand in hand with the Chinese awakened to a new consciousness of being people of the Orient, we want to build up an East Asia which is peaceful and settled. Allow me to state that no country is better aware than Japan of the ardent national aspirations of the Chinese, nor feels more keenly the need that China shall vindicate her position as a completely independent state.



It is an historical necessity that the three great neighbour nations, China, Manchoukuo and Japan, while fully retaining their respective individuality should stand closely united in their common duty of safeguarding East Asia. It is deeply to be deplored not only for the sake of Japan but for that of all Asia that the attainment of this goal has been thwarted through the mistaken policy of the Kuomintang Government. The policy of that government was based on the transient tide of the period that followed the Great War. It did not originate in the inherent intelligence and good sense of the Chinese people. In particular, the conduct of that government, which in its efforts to stay in power cared not whether the nation was left a prey to Communism or relegated to a minor colonial status, cannot but be regarded as treason toward those many patriotic Chinese who had risked their lives in order to erect a new China. It was in those circumstances that Japan, reluctant as she was to be involved in the tragedy of two great kindred nations fighting against each other, was compelled to take up arms against the Chiang Kai-shek regime.

Japan fervently desires the awakening of China. It is my hope that wise and foreseeing Chinese will be swift to assume leadership and to guide their nation back to the right path, and lead the rejuvenated state forward in the fulfilment of our common task in East Asia. Already in Peking and Nanking signs of rebirth have appeared. And in the wide plains to the north and west, a new Mongolia is springing to life. Let the Chinese people, who in the past 5,000 years of their history have illumined again and again the annals of civilization, prove once more their greatness by sharing in the stupendous task of creating a new Asia. Participation even by the Nationalist Government need not be rejected if, returning to the true spirit of China, it should repudiate its past policy, remould its personnel and offer to join in the work as a thoroughly regenerated regime.

The nations of the world must surely be able to comprehend these new developments in East Asia. It is undisputed history that China heretofore has been a victim of the rivalry between Powers whose imperialistic ambitions have constantly imperilled her tranquillity and independence. Japan realizes the need of fundamentally rectifying such a state of affairs and she is eager to see a new order established in East Asia---a new structure of peace based on true justice.

Japan is in no way opposed to collaboration with foreign Powers, nor does she desire to impair their legitimate rights and interests. If the Powers, understanding her true motives, will formulate policies adapted to the new conditions, Japan will be glad to cooperate with them. Japan's zeal for stamping out Communism is well known. The aim of the Comintern is to sovietize the Orient and to overturn the world. Japan is firmly determined to eradicate the communistic influence which is behind the so-called "long-term resistance" of the Chiang regime. Germany and Italy, our allies against Communism, have manifested their sympathies with Japan's aims in East Asia and we are profoundly grateful for the great encouragement that their moral support has given our nation during this crisis. In the present emergency, it is necessary for Japan not only to strengthen still further her ties with those countries but also to collaborate with them on the basis of a common world outlook in the reconstruction of world order.

What the world needs today is a lasting peace based upon a foundation of justice and fair dealing. It cannot be denied that the principles governing international relations in the recent past have in practice tended only to preserve and perpetuate with cast-iron rigidity an inequitable state of affairs. In this irrational arrangement lies the fundamental cause of the collapse of the Covenant of the League of Nations along with many other pacts and treaties. We should not allow international justice to remain merely a beautiful phrase, but we should strive to create a new framework of peace, in accordance with a comprehensive view of all human activities such as commerce, emigration, natural resources and culture; and in keeping with the actual conditions and the progress of events I firmly believe that this is the only way to overcome the universal crisis which confronts us today.

Placing absolute trust in the men at the front, the Japanese at home are silently engaged in speeding war-time production and in making preparation for protracted hostilities. Here we have a modern reproduction of the old Japanese spirit. History shows that our national fortunes waxed or waned in proportion to the degree in which the whole people were consciously aware of Japan's national polity. Knowing that a lasting peace in the Orient has always been the aim of our Sovereign, we cannot but be deeply conscious of our moral obligations as His subjects. It is high time that all of us should face squarely those responsibilities--namely, the mission to construct a new order on a moral basis--a free union of all the nations of East Asia, in mutual reliance but in independence.

What does this mean? What sacrifices does this call for? What preparations are required? These are matters of which we must obtain a clear understanding and concerning which we cannot afford to make any mistake. If there is anyone who believes that the fall of Canton and Hankow marks a turning point and that an immediate return to normal conditions is soon to arrive, he simply has not grasped the significance of the present Affair. There could be nothing more dangerous than that. Japan's undertaking to erect a new East Asia implies that she has entered upon a long period of creative work in all the activities of her national life. In that sense the real war has just begun. If we are to make of ourselves a truly great nation, we must stand united as one man and pursue with firm conviction and adamant resolve the task of reconstruction and construction overseas as well as at home.